

In the Matter of)	No. G 02-03
)	
Government Employees Insurance)	
Company)	
)	FINDINGS, CONCLUSIONS, AND
GEICO Indemnity Company)	
)	ORDER ADOPTING REPORT
GEICO Casualty Company)	
)	OF
GEICO General Insurance Company)	
)	
Authorized Foreign Insurers)	MARKET CONDUCT EXAMINATION

BACKGROUND

An examination of the market conduct of **Government Employees Insurance Company, GEICO Indemnity Company, GEICO Casualty Company, and GEICO General Insurance Company** (the Companies) as of December 31, 2000, was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Companies hold Washington certificates of authority as stock insurers. They are domiciled in Maryland. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and comments and recommendations was transmitted to the Companies for comments on September 19, 2001. The Company's response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by the Companies.

Subject to the right of the Companies to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 20 of the report.

CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct examination of **Government Employees Insurance Company, GEICO Indemnity Company, GEICO Casualty Company, and GEICO General Insurance Company**, and to order the Companies to take the actions described in the Instructions, and Recommendations sections of the report. The Commissioner acknowledges that the Companies may have implemented the Instructions and Recommendations prior to the date of this order. The Instructions and Recommendations in the report are an appropriate response to the matters found in the examination.

ORDER

The market conduct examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions and Recommendations contained in the examination report on page 19.

1. The companies are ordered to establish procedures that ensure compliance with RCW 48.17.060 and RCW 48.17.160. All sales counselors are to be licensed as Washington agents, properly appointed, and the filing fee paid as required by RCW 48.14.010, to ensure that no sales activities are conducted with Washington consumers unless the sales counselor is a licensed and appointed Washington agent. (Instruction 1, Report Page 8)
2. The companies are ordered to establish procedures to comply with RCW 48.19.040(1) and (6) regarding filings, rating plans and application of approved rates. (Instruction 2, Report Page 17)
3. It is ordered that the companies establish procedures that ensure compliance with RCW 48.05.190(1) and that policy documents and correspondence correctly identify the legal name of the insuring company. (Recommendation 1, Page 10)

4. It is ordered that the companies establish procedures to ensure compliance with RCW 48.22.030 (2) and (4) and that the insured has signed underinsured motorist rejection forms or selection of lower limit forms as required. (Recommendation 2, Page 10)
5. It is ordered that the companies establish procedures to ensure compliance with RCW 48.22.085 (1) and (2) and that the insured has signed a rejection form or the coverage is included with minimum limits as required. (Recommendation 3, Page 11)
6. It is ordered that the companies establish and monitor the activities of sales associates communicating with potential insureds via direct telephone solicitation. The examiners found that the sales associates were giving out inaccurate and/or misleading information to callers, incorrect quotes, and other misinformation. A program to monitor and audit the sales activities of the sales counselors by the underwriting department is recommended. (Recommendation 4, Page 12)

IT IS FURTHER ORDERED THAT, the Company file with the Chief Market Conduct Examiner, within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Olympia, Washington, this 25th day of January, 2002.

MIKE KREIDLER
Insurance Commissioner